

Message Text

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ORIGIN XMB-04

INFO OCT-01 NEA-10 ISO-00 EB-07 COME-00 TRSE-00 /022 R

EXIMBANK

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-----116434 090114Z /75
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FM SECSTATE WASHDC
TO AMEMBASSY ALGIERS PRIORITY
INFO AMCONSUL ORAN

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E.O. 11652: N/A

TAGS: EFIN, AG

SUBJECT: EXIM ROUNDUP

1. SUMMARY. EXIMBANK HAS APPROVED ISSUANCE OF LETTERS OF INTEREST (A) TO FLUOR FOR ALRAR GAS CYCLING PLANT, AND (B) TO COPPER INDUSTRIES FOR TURBINE COMPRESSOR SETS, AND (C) HAS DENIED PRELIMINARY COMMITMENT (PC) TO BECHTEL FOR ENGINEERING SERVICES FOR STEEL COMPLEX. (D) PC REQUEST BY FIBERGLASS RESOURCES CORP. (FRC) ON FIBERGLASS/EPOXY PIPE MANUFACTURING PLANT FOR ONAMHYD UNDER CONSIDERATION, LIMITED OFFICIAL USE

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BUT CONSIDERED UNLIKELY TO FIT BANK'S SELECTIVE POLICY. (E) SONACOME DELEGATION IS AT BANK TO NEGOTIATE AND SIGN CREDIT AGREEMENT ON INGERSOLL-RAND COMPRESSOR PLANT. (F) BAD AND BNA MEMBERS ALSO FOLLOWING UP ON LOCOMOTIVES CREDIT TO SNTF, AIR ALGERIE, AND GAS TRAINING INSTITUTE. (G) EXIM STAFF FOLLOWING UP ON ALGERIAN BANK STATEMENTS NEEDED TO PROCEED WITH RELAXING ALGERIAN REPAYMENT GUARANTEE REQUIREMENTS ON SUPPLIER CREDITS (REF STATE 139757 AND ALGIERS 1555).

2. (A) LETTER OF INTEREST ISSUED TO FLUOR FOR SONATRACH ALRAR GAS CYCLING PLANT FOR GAS CONDENSATE RECOVERY AND REINJECTION, PLUS SECOND PHASE LPG RECOVERY AND PRODUCT FRACTIONATION. U.S. COSTS DOLS. 150 MILLION, WITH TOTAL

COST ESTIMATED AT DOLS. 300 MILLION FOR BATTERY LIMITS PLANT, EXCLUDING PIPING SYSTEMS, POWER PLANT, ANCILLARY FACILITIES, INFRASTRUCTURE, AND POSSIBLY A PIPELINE TO TRANSMIT GAS FOR OILFIELD REINJECTION.

(B) DETAILED INFO LACKING RE COSTS AND INCOME AND EXPENSE PROJECTIONS, AS WELL AS REINJECTION IN GASFIELD VS. OILFIELD ELSEWHERE, REQUIRING PIPELINE, ON WHICH TO BASE A PC AT THIS TIME.

(C) EXIM HAD PC ON ALRAR TO DELTA INT'L AND WILLIAMS BROS. IN JANUARY 1976, WHICH LAPSED. EXIM ALSO RECENTLY APPROACHED BY BANK OF AMERICA ON BEHALF OF PULLMAN KELLOGG, WHICH MAY REQUEST LTR OF INT.

(D) SUBSTANTIAL INFO WILL BE ESSENTIAL TO CONSIDER A PC. SMARA OF SONATRACH SO ADVISED 24 MAY, AND EXIM TEAM WILL PURSUE DURING PLANNED SEPT. VISIT. BOUCHAIB OF BAD ALSO LIMITED OFFICIAL USE

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SIMILARLY ADVISED DURING CURRENT VISIT TO WASHINGTON.

3. (A) LETTER OF INTEREST ISSUED TO COOPER INDUSTRIES FOR DOLS. 55 MILLION IN U.S. COSTS OF 30 COMPLETE TURBINE COMPRESSOR SETS (EXCLUDING DOLS. 15 MILLION IN UK COMPONENTS) FOR GAS PIPELINE FROM HASSI R'MEL TO SKIKDA FOR SECOND LNG PLANT.

(B) COOPER BIDDING TO SEVERAL U.S. AND FOREIGN PRIME CONTRACTORS. INFO LACKING ON WHO WOULD BUILD PIPELINE, FINANCING AVAILABLE TO COMPETITORS, APPROPRIATE REPAYMENT TERM, PIPELINE PROJECT AS WHOLE, AND MOST IMPORTANTLY ON GAS FIELD PROCESSING FACILITIES ON ONE HAND AND SKIKDA LNG PLANT ON OTHER, AS WELL AS SALE OF LNG, ON WHICH TO BASE PC.

4. (A) PC REQUEST BY BECHTEL DENIED FOR ASSISTANCE IN FINANCING DOLS. 32 MILLION IN ENGINEERING SERVICES FOR SNS WESTERN GRASSROOTS STEEL COMPLEX AT LAMACTA NEAR ORAN. PROJECT, INCLUDING COAL AND IRON ORE DEVELOPMENT, RAILWAYS, HARBOR, TOWNS, AND OTHER INFRASTRUCTURE, WOULD TOTAL DOLS. 10 BILLION OVER 15 YEARS. WOULD TAP IRON ORE DEPOSITS AT GARA DJEBILET AND MECHERI, AND INTERIOR COAL DEPOSITS, AND PRODUCE UP TO 10 MILLION TYP OF STEEL

PRODUCTS.

(B) COMPLEX FALLS OUTSIDE EXIM POLICY OF SELECTIVITY GIVING PREFERENCE TO EXCHANGE EARNING PROJECTS AND NECESSARY INFRASTRUCTURE. BANK HAS RESERVATIONS RE ECONOMIC RETURN. APPEARS PREMATURE IN TERMS OF ALGERIA'S PRIORITIES, FINANCIAL CONSTRAINTS, AND COMMITMENTS. BANK

FINANCING OF ENGINEERING SERVICES CONSIDERED INAPPROPRIATE FOR PROJECT IT IS NOT NOW PREPARED TO ENTERTAIN (AS WELL AS IN LIGHT OF DENIALS OF OTHER REQUESTS).

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5. EMBASSY MAY INFORM GOA OF LTRS OF INT., AND OF BECHTEL DENIAL AS IT SEES FIT. EXIM INFORMALLY ADVISING BAD REP BOUCHAIB.

6. FRC REQUESTED PC FOR DOLS. 23 OR 28 MILLION IN U.S. COSTS OF PIPE MFG. PLANT, WHICH DISCUSSED BY EXIM TEAM WITH SECRETARY OF STATE FOR WATER RESOURCES, ARBAOUI DURING JUNE 76 VISIT. NOTWITHSTANDING POTABLE AND WASTE WATER, IRRIGATION, AND WATER WELL CASING NEEDS, AND POSSIBLE EXPORT POTENTIAL UP TO 50 PERCENT OF OUTPUT, AS WELL AS APPARENT FRC QUALIFICATIONS, PROJECT MAY BE DEEMED TO FALL OUTSIDE EXIM POLICY. HOWEVER, EMBASSY COMMENTS WOULD BE APPRECIATED, ALONG WITH RESULTS OF ANY PRESENT OR PRIOR CONTACTS WITH OMNAHYD TO EXTENT CONSIDERED APPROPRIATE BY EMBASSY IN VIEW OF LIKELY NEGATIVE DECISION. VANCE

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